

115 KAR 2:010. Alternate Energy Development Fund.

RELATES TO: KRS 152A.125(2)

STATUTORY AUTHORITY: KRS 152A.180

NECESSITY, FUNCTION, AND CONFORMITY: The following administrative regulation has been developed by the Kentucky Energy Cabinet pursuant to the authority granted by KRS Chapter 152A of the Kentucky Revised Statutes and by the Alternate Energy Project Review Committee in accordance with its mandate in Ky. Acts ch. 444 approved April 12, 1982, and effective July 15, 1982. This administrative regulation is necessary to assure uniformity in the administration of grants and loans under the alternate energy development fund established by the joint resolution.

Section 1. Program Purpose and Announcements. (1) The goal for the use of the alternate energy development fund is to encourage and promote the development, implementation and construction of alternate energy projects in the Commonwealth.

(2) Funding cycle(s) during which applications will be received for the program will be announced. A deadline for proposals will be established and advertised through appropriate newspapers to effect statewide coverage. Interested parties will be notified about the program upon request to the Kentucky Energy Cabinet. In addition workshops to explain the program are anticipated and will be held as appropriate. More than one (1) funding cycle is anticipated, but this will be dependent upon the continued existence of available funds for the program.

Section 2. Eligibility Requirements. (1) The following may apply for funding (no preference is implied by the order of listing):

(a) Individuals or group of individuals.

(b) Organizations and institutions (including educational institutions), corporations, trusts, foundations, and trade associations.

(c) State agencies and units of local government (including county, municipality, city, town, local public authority and special district agencies). This also includes such intrastate entities as districts, councils of governments, and sponsor groups representing organizations.

(d) Private businesses that are organized for profit or not for profit.

(2) The following projects are eligible for funding:

(a) Each loan and/or grant proposal must involve the research, development, implementation, operation and/or construction of an alternate energy project. Also, projects of renewable resources must be designated within one (1) or more of other categories listed below. The examples of the renewable energy resources are for illustration purposes only.

Categories	Examples
Bio-mass	waste materials utilization
	plant production for energy
	plant conversion for energy
Geo-thermal	space and water heating/cooling
Hydro-power	small-scale hydropower (100 KW-30MW)
	microhydropower (under 100KW)
Solar	active solar
	passive solar
	photovoltaics

Wind	production of electricity
	water pumping

(b) Only proposals for projects conducted in and applicable to use in Kentucky will be eligible for awards under this program.

(c) Proposals requesting financial support in excess of the maximum allowable will be rejected.

(d) Proposals which are not complete or are merely enhancements of a home or business will be rejected.

(e) Proposals which duplicate previous projects funded in Kentucky under the U.S. Department of Energy's Appropriate Technology Small Grants Program will be rejected unless there are extenuating circumstances and proper justification for further consideration. A listing of these projects is included in the application packet used for submission of a project.

(f) Proposals which duplicate the current or past work of the proposer will be rejected unless there are extenuating circumstances.

(3) Project expenditures eligible for funding.

(a) Eligible project expenditures can include construction costs, machinery and equipment costs, financing charges, interest prior to and during construction, engineering and architectural costs, administrative expenses and such other costs necessary or incident to the construction, financing, start up and operation of the project. However, administrative costs will be limited to no more than fifteen (15) percent of the loan and/or grant cost. Expenses incurred prior to an award are not eligible project expenditures.

(b) Any grantee, eligible for investment and energy tax credits through existing tax laws, must subtract any such credits from the total project cost to determine the cost of the proposal to be considered by the Project Review Committee.

Section 3. Submission of Proposals. (1) Proposals must be submitted with the funding cycle deadline established. A proposal submitted for consideration but not funded in any funding cycle may be resubmitted for consideration in any new funding cycle announced.

(2) A proposal must be submitted on the application form provided for this purpose. Eight (8) copies of the application form for each proposal are necessary for acceptance by the Project Review Committee. (A signed original and reproduced copies will suffice.) Blueprints, drawings, sketches, photographs, and other descriptive materials may be included if essential in explaining the project. However, the Project Review Committee will focus primarily on the application itself and will use any additional information only as a secondary source. All parts of the application form must be completed in full as directed in the application form.

(3) Proposals from businesses, profit and not-for-profit organizations, institutions and governmental agencies must be submitted by applicants who have the authority to obligate the organization to the terms of the program.

(4) Each applicant will be notified immediately by return postcard when a proposal is received by the Kentucky Energy Cabinet.

Section 4. Evaluation of Proposals. (1) After the funding cycle deadline applicants will not be permitted to initiate contact with anyone involved in the review and evaluation process or to make any changes in their proposal. Applicants may only notify the Energy Cabinet in writing of any errors in applicant's proposal. Only minor errors (such as arithmetical, omission of an address, etc.) which are merely a matter of form and not of substance will be considered.

(2) The proposal evaluation process consists of the following steps:

(a) Prescreening process - proposals will be reviewed by the Kentucky Energy Cabinet to determine whether they contain sufficient information to permit adequate evaluation, and to insure that each proposal meets the published criteria of the program. Notice will be given to the applicant if the

application has been eliminated, and the basis for the elimination in this prescreening stage. The application may be modified and resubmitted only in a subsequent funding cycle.

(b) Review and selection process - the Project Review Committee will evaluate each proposal not eliminated in the prescreening process. During this evaluation, the applicant may be contacted for additional information or clarification on the project. The committee will judge each application as to how well it meets the following criteria and objectives established for the program:

1. Preferential criteria and objectives.
 - a. Applicability for contribution to low-income energy users;
 - b. Potential for job or economic development;
 - c. Transferability of the technology involved, particularly technology which will assist in future project design;
 - d. Ability to evaluate the progress and the results of the project;
 - e. The availability of ongoing technical assistance to the project; and
 - f. The ability to document and disseminate project results to the public.
2. Additional criteria and objectives.
 - a. The innovative nature of the project and its application;
 - b. The likelihood of commercialization or other expanded use and adaptation, considering the project's marketing potential and cost/benefit value;
 - c. Expected energy savings;
 - d. The extent to which the project impacts the energy needs in Kentucky;
 - e. The extent the project uses Kentucky resources, materials, and labor;
 - f. The environmental impact of the project;
 - g. The existence of institutional barriers that may impede or prevent development of the project;
 - h. Ability of the applicant to complete the project, given the time and resources available to the applicant; and
 - i. Whether the project is supported or funded by other outside sources, and whether other sources of support have been sought.
3. In its final analysis, the committee will be guided by the best overall use of available funds in selecting proposals for funding. It will include such considerations as:
 - a. The distribution of funds by project type, including diversity of methods, approaches, and technologies;
 - b. The diversity of projects being selected; and
 - c. The technology proposed for use in the project, considering to what extent the technology is currently implemented throughout Kentucky.

(c) The committee reserves the right to select for funding any, all or none of the proposals submitted in response to any solicitation. Awards of successful proposals will be announced and all applicants will be notified by mail of the decision on their proposals no later than 180 days after the deadline established for any funding cycle.

Section 5. Limitations and Terms of Funding. When the Project Review Committee selects an alternate energy development project for funding, the Kentucky Energy Cabinet will contract to grant and/or loan to the applicant such amounts needed in the development and completion of the project, subject to the following conditions:

- (1) Grants shall be limited to a maximum of twenty-five (25) percent of the total project cost not to exceed \$40,000 per project (also see subsection (3) of this section);
- (2) Loans shall be limited to a maximum of fifty (50) percent of the total project cost not to exceed \$40,000 per project (also see subsection (3) of this section);
- (3) Grants and loans singly or in combination subject to the proportions in subsections (1) and (2) of this section shall not exceed a total of \$40,000 per project;

(4) Contributions to the total project cost by the proposer may include reasonable and verifiable in-kind contributions as well as cash contributions. For example, hours and rates must be specified for labor;

(5) Every loan made from the fund shall be for a period not to exceed five (5) years and shall carry an interest rate equal to the Bond Buyer Index (twenty (20) bonds) reported in the most recent issue of the weekly Bond Buyer on the date the application is approved; and

(6) Repayment of loans by successful applicants shall be in accordance with the loan agreement.

Section 6. Grand/Loan Offer and Acceptance. (1) Funding of projects will be established by contract to be finalized after grantees are notified. The contract will include such items as:

(a) Detailed scope of services and/or work;

(b) Timetable of tasks to be completed;

(c) Budget details and disbursement schedules;

(d) Reporting and recordkeeping requirements;

(e) Provisions for ownership of patents and copyrights and provision for disposal of income, if any, from the grant project; and

(f) Terms of loan, if applicable.

(2) Project funding will be administered by establishing specific work elements and tying partial payments to the completion of key elements.

Section 7. Reporting Requirements. (1) To insure proper use of funds, successful applicants will be held accountable for project expenses in a manner acceptable to the Kentucky Energy Cabinet. Records, receipts, and vouchers, etc., for the selected projects are subject to audit. Documentation of reliable credit must be furnished with all loan applications. A separate bank account for each project is required.

(2) A grant or loan recipient will be required to submit to the Kentucky Energy Cabinet quarterly reports on projects in progress and a final report within three (3) months after completion of the project. Quarterly reports following a format designated by the Kentucky Energy Cabinet will show progress of project, schedule, and financial activities. The final report will emphasize results and other activities associated with the project.

Section 8. Requirements for Public Access. (1) Individuals authorized by the Kentucky Energy Cabinet may visit the project site at mutually agreed upon times to observe progress, provide guidance, and analyze and publicize projects supported under this program.

(2) Sharing and distributing information developed during construction and/or operation of projects funded is a major goal of this program. Therefore, except for confidential information clearly identified in the project proposal, the results of projects will be made a matter of public record and grantees shall make their projects available for public observation at mutually agreed upon times.

Section 9. Confidentiality of Information. (1) Proposals may include confidential data (i.e., trade secrets and/or confidential commercial or financial information) which the applicant does not want disclosed for any purpose other than evaluation of the proposal. Any confidential data contained in the application must be identified so all reviewers may hold it in confidence. Each page containing confidential data must be clearly marked as directed in the application form. The committee may use or disclose data which the applicant does not so identify.

(2) All unsuccessful applications will be destroyed after six (6) months unless the applicants request their return.

Section 10. Inventions and Ideas. The Kentucky Energy Cabinet anticipates that new technology

and considerable valuable data will be generated through the use of program funds. The cabinet encourages inventors to seek patents for and to commercialize their inventions and technology. The cabinet will not interfere with an inventor seeking patent protection, but the inventor will be responsible for filing and prosecution of any patent applications. The Kentucky Energy Cabinet reserves the right to use and disseminate all information, data, and technology derived from use of program funds to the extent such information and technology is not protected by any claim of confidentiality. Any data which are released from confidential status may then be used or disseminated by the cabinet in any way it deems appropriate.

Section 11. Liability and Claims. The Commonwealth of Kentucky and the Alternate Energy Project Review Committee are not liable for any claims that may result from the implementation of this program. (9 Ky.R. 847; eff. 2-2-83.)